

Frequently Asked Questions - Property Taxes

Q: Why does Montana have property taxes?

A: Property taxes are required by state law and help pay for local government services including schools, fire and police protection, roads, and bridges. Under Montana's system of property taxation, property owners pay property taxes in proportion to the value of their property.

Q: How is the value of property determined?

A: Property value (market or productivity) is determined by one of four methods according to state guidelines to ensure that all properties are treated equitably.

(1) The *sales comparison approach* compares a property to other similar properties that have recently sold in an area and takes into account any differences between properties.

(2) The *cost approach* is based on using the current replacement cost of improvements, less depreciation, plus land value.

(3) The *income approach* is used to value commercial properties when income (rents) and expenses can be compared.

(4) The *productivity approach* values agricultural and forest land based on the amount of crops or timber that can be grown on the land under normal management.

Q: How is property tax determined?

A: Property taxes are calculated by multiplying the taxable value by the mill levy established by various taxing jurisdictions (city and county government, school districts and others). Mill levies are established by the various taxing jurisdictions so that they can meet revenue needs and provide services in their area.

Q: Who do I contact if I have questions regarding my property tax bill?

A: The county treasurer is responsible for billing and collecting property taxes.

Q: How can I get residential property tax relief?

A: There are several programs available that can reduce your property taxes. For an application form or to find out if you qualify, contact your local Montana Department of Revenue office for the following programs:

(1) If you are a Montana property owner with total household income less than \$26,500, you may be eligible for the Property Tax Assistance Program.

(2) If you are a disabled veteran property owner with a 100% service related disability, or the surviving spouse of a disabled veteran, you may be eligible to claim a reduction, or a full exemption, of your Montana property taxes.

(3) If your property has been destroyed by a natural disaster (fire, flood, earthquake or wind) to such an extent that the improvements have been rendered unsuitable for their previous use you may qualify for property tax relief or an income tax filing extension.

Montana homeowners or renters age 62 or older may qualify for a refundable income tax credit worth up to \$1,000. To see if you qualify or to file the Form 2EC online for free, please visit our website at revenue.mt.gov or call us toll free at 1-866-859-2254.

If the taxable value of your property increased by more than 24% as a result of the 2009 reappraisal, you may be eligible for reduced property taxes on your residence through the Extended Property Tax Assistance Program. If your property met the primary qualification, we automatically sent you an application asking for further information on your property taxes, property ownership and household income to determine if you qualify.

Q: How does the value of my property stay current?

A: The Montana Constitution and state law require us to reappraise all property periodically. The most recent reappraisal was completed on Dec. 31, 2008 and the new values were used for the 2009 property tax notices.

Q: What do I do after I receive my assessment notice?

A: Please study it carefully. You can see how much your property has changed in value. If you multiply the mill levy for the area where your property is located times those taxable values, you can see how much your property taxes are likely to change. If you have any questions concerning your property's value or characteristics, please call your local Montana Department of Revenue office immediately.

Q: Has anything been done to help keep my property taxes from skyrocketing?

A: The property tax mitigation strategy that is in effect for this current 6 year reappraisal cycle is based on (1) the phasing-in of your new property value (at one-sixth per year for six years); (2) a gradual lowering of the tax rate; and (3) a gradual increase in the tax exemption level. These measures prevent property taxes from rising more than about 2% because of reappraisal.

Q: What is "phase-in"?

A: The "phase-in" of new property values is a strategy to help lessen the impact of property tax increases on taxpayers because of reappraisal. Under current Montana law, if you experience a new higher property value, the increase in your property's value will be phased-in in equal increments over a six-year period. If you experience a decrease in value, the reappraised property value goes into effect immediately.

Q: What if I don't agree with the value given to my property?

A: You need to file an appeal in writing. The informal review starts when you fill out Form AB-26, available from your local Department of Revenue office or on our website at revenue.mt.gov. This form must be completed and filed within thirty (30) days of the date you received your property assessment notice. We will then notify you of the time and place of the review, and will send a written determination of our decision after the review.

If you are not satisfied with the results of your informal review, or if for some reason you don't want to use the informal review process, you can appeal your value to the County Tax Appeal Board. Appeal forms are available at your local county clerk and recorder's office, or on the State Tax Appeal Board's website at stab.mt.gov. Appeals to the County Tax Appeal Board have to be filed within thirty days of the date you received your property assessment notice or, if you requested an informal review, within 30 days of our decision.

If you are not satisfied with the County Tax Appeal Board's decision, you can appeal to the State Tax Appeal Board. Appeals to the State Tax Appeal Board must be filed within thirty days of receiving the County Tax Appeal Board's decision. The decision of the State Tax Appeal Board is final, unless you pursue district court action.

Q: Do I need to pay my taxes if I disagree with my property value or classification?

A: If you are appealing your property's market value or classification and your taxes become due before your appeal is resolved, you will need to specify the grounds of your protest in writing, and pay the taxes disputed under protest by the due date. If you are successful in your appeal, your County Treasurer will send you a refund. Please contact your County Treasurer for more information.